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# Culture, Development, and Government: Reservations in India

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## **I. Introduction**

The influence of modernization on traditional societies has been studied extensively. Scholars have paid a great deal of attention to how culture influences development and vice versa. The economic analysis of how rent seeking in general and pressure groups in particular affect government behavior is also well-worn territory in development research.<sup>1</sup> However, the role of government and rent seeking in mediating the influence between culture and economics has been a little-studied phenomenon.

In this article I use the economic theories of pressure groups and rent seeking to analyze the change in the social structure of postindependence India.<sup>2</sup> There are two primary findings. The first is that the large role government has in the economic life of India has had a substantial effect on Indian social evolution, in particular, on caste and tribal loyalties. As a result, a social structure that would otherwise have become less important has been maintained and even expanded. Rent seeking thus provides a positive theory of Indian cultural change. The second finding is that causation also runs from culture to economics and politics. For example, rent-seeking opportunities combined with a substantial number of ready-made pressure groups that existed in India at independence have stunted the growth of the more traditional groups, such as those found in other parliamentary democracies in the developing world and elsewhere.

The issues are not simply academic. It is beyond dispute that in India government-dispensed rents are a major phenomenon.<sup>3</sup> In her landmark paper on the theory of rent seeking, A. Krueger estimated that the stakes from a tiny proportion of the rent-seeking opportunities that were made available by the Indian government amounted to 7.4% of the national income, an estimate raised to 30%–45% in a more comprehensive study by S. Mohammad and J. Whalley.<sup>4</sup> Large stakes presumably imply

large consequences from the pursuit of those stakes, and in this article I examine how some of those consequences bubble up in unexpected ways. It should be noted that the theory describes a factor that contributes to India's postindependence social evolution; it is not an all-encompassing explanation of that evolution. It is, however, a valuable exercise in intellectual cross-fertilization for two scholarly communities. For economics scholars, India, with its myriad social groups that long predate the existing Indian state, provides fertile ground to gain insight into how pressure groups form. For scholars of contemporary Indian politics and culture, the study is an opportunity to bring to bear on these fields the stock of knowledge in the rent-seeking literature.

Section II presents a theory of the determinants of pressure-group formation, and Section III provides the necessary Indian historical priors. Section IV describes the phenomenon that is of primary interest to us, namely, that traditional factions in India are becoming increasingly important in politics even as they become less important in economic life. Section V outlines why existing social science theory cannot explain this disparity, Section VI explores the ability of pressure-group theory to explain Indian political behavior, and Section VII lays out empirical predictions for India's future based on the theory presented. Section VIII concludes.

## **II. Efficient Pressure-Group Formation**

What features define a pressure group? The presumption in existing economic analysis has been that there is a prior common economic interest that causes citizens to unite in order to influence the government. We can imagine that before the formation of the state there are economic fundamentals that in the state's absence would yield some general-equilibrium pattern of exchange and distribution of wealth and income. These fundamentals include production technology, preferences, endowments, and nongovernmental institutional arrangements. They give citizens who share certain features in this *ex ante* state of nature a common cause. Employees who work on automobile assembly lines (even for different firms), entrepreneurs who produce furniture, and people who believe that the air should be cleaner are all groups whose members are united by an economically important (in the sense of affecting the general-equilibrium pattern of exchange) common interest.

The economic notion of pressure groups or "factions" can be traced back at least to the Federalist Papers in the early postrevolutionary United States.<sup>5</sup> Modern economic analysis also stresses economic interests and is not concerned with the sources of factional identity. In the definition of pressure groups in his highly influential article, G. Becker was first drawn to economically relevant characteristics: "Individuals belong to particular groups—defined by occupation, income, geography, age, and other characteristics—that are assumed to use political influence to enhance the well-being of their position. Competition among

these pressure groups for political influence determines the equilibrium structure of taxes, subsidies, and other political favors.’’<sup>6</sup> However, pressure groups need not be defined around economic fundamentals. Instead, the primary requirement is excludability. If a pressure group is defined as a set of citizens that exerts resources to influence the government to maximize its net transfers from those who are not members of the group, the key task is to exclude those nonmembers from free riding on the efforts of members. Of course, excludability presumes identifiability. There must be a way to discern who is and who is not a member and thus who will pay the taxes and who will receive the subsidies.

Any number of citizens who meet these requirements can, in theory, join together to apply political pressure. Pressure groups can, in principle, be organized around something as abstract as height or the number of letters in the surname or something as economically important as the type of property owned or one’s occupation. Of course, purely economic factions are commonplace, but this derives from lower marginal transaction costs. To seek out people united by economic interest is often a relatively simple task, because much of the necessary organizing work has been done in the ordinary business of market exchange. Autoworkers, for example, gather daily in a relatively small number of production facilities, and even more dispersed groups such as small-business owners may be united at relatively low cost in a society in which advanced communications technology is widespread. To organize around a noneconomic criterion may require a significant initial investment, making it relatively less attractive. To organize all citizens of a particular height in an excludable way is presumably a relatively costly venture, even though once such an organization exists, but it is just as capable of exerting political pressure as a group of, say, farmers.

However, in a society in which a government is born at a time when a number of faction sources, both economic and noneconomic, already exist, the criteria governing the optimal source of organization are determined at least in part by marginal relative transaction costs. If there are already social groups with a high degree of excludability, then after the state appears (or, in India’s case, after the state’s structure was substantially changed at independence) pressure groups may organize along these lines rather than along class or other economic criteria. India’s complex, highly identifiable and excludable social structure provided such an opportunity for traditional social groups to dominate, with results that have profoundly influenced India’s postindependence experience. India is thus a country in which Becker’s “other factors” are worthy of particular attention.

### **III. A Brief Synopsis of Indian Social Structure**

#### *Basic Definitions*

The social structure in the Indian subcontinent commonly known as the caste system has roots that can be traced back thousands of years.<sup>7</sup> The

broad superstructure of traditional Hindu social ordering is the *varna* system. When they conquered the indigenous Dasa peoples, the Aryan people already had a social structure containing three hierarchical social groups: the Brahmins (priests), Kshatriyas (warriors and aristocrats), and Vaisyas (merchants and others). At some point after the conquest, a fourth *varna*, the Shudras (peasants, laborers, and servants) emerged.<sup>8</sup> Absent from the classification were the groups who later came to be known as *dalits* (untouchables), who were entirely excluded from the *varna* system and consequently excluded from much of Indian village life. For the purposes of this article, the primary role of the *varna* system was to define a broad hierarchical scheme of social relations within which thousands of castes and subcastes would be placed.

The caste system is related to, but distinct from, the *varna* hierarchy. Each member of Hindu society was (and for the most part still is) born into a *jati*, or caste, which in turn usually belongs to a *varna*. Castes historically tended to be occupationally specific and confined to particular regions or even villages. The fact that caste membership was conferred by birth meant that one's occupation was largely predetermined. A complex network of relationships and obligations among the *jatis*, formally known as the *jajmani* system, emerged that mimicked exchange in a conventional monetary economy. Within a village, each caste traditionally had an obligation to perform its specific services for the benefit of others in the community, even as its members drew on the services of members of other castes performing their hereditary occupations. It is the *jatis* rather than the better-known *varnas* that form the nuts and bolts of the caste system.

### *The Caste System from Its Beginning to Indian Independence*

D. Lal argues that caste can be traced to the settling of the Ganges Plain and the resulting increased importance of the river in production and commerce. By the sixth century B.C., identifiable subcastes were found within villages in the plain. It is worth noting that, although it may be said that Hindu beliefs in some sense ratify the caste system, the system itself has absorbed a wide variety of non-Hindus over the centuries. The noted Indian sociologist A. Beteille has remarked on the assimilation of adherents of Islam, Buddhism, Jainism, and other ostensibly anticaste religions into the caste system.<sup>9</sup> When the first caste-based list of reserved parliamentary seats was published under British rule in 1936, the Sikh representatives in the Constituent Assembly demanded that converts to Sikhism who were by birth members of castes on the list be eligible for seats, a request that was granted by the drafters of the preindependence 1935 constitution. C. J. Fuller claims that India's New Syrian Christians are organized into the functional equivalent of castes and that actual castes often convert to that religion en masse while retaining their *jati*

designation. I. Ahmad has also produced a case study of Muslim castes.<sup>10</sup> Lal provides a striking description of the incorporation of even the British, despite their best efforts, into the *jajmani* order:

By the end of the nineteenth century, with the final conversion of the British from nabobs to sahibs, the British increasingly became an upper caste, on the traditional Indian form—endogamous, occupationally specialized, pollution-conscious (though its polluting objects were different), and with hierarchically arranged subcastes. The Viceroy and his court came to resemble the Moghul emperors in its splendour, and the Platonic Guardians who formed the 900 odd member ICS [Indian Civil Service] becomes the top caste, looking down upon the other layers—military, service subcastes (such as teachers and doctors), and below them the commercial subcaste (the British merchants and planters). On the lowest rung of the Anglo-Indian ladder were the Eurasians. The British must appear to an unjaundiced eye as having succumbed, despite their earlier intention of reforming Hindu society, to the traditional Indian social and political pattern.<sup>11</sup>

The issue that is of primary interest in this article began to emerge in the early twentieth century. The colonial government conducted its first census of India in 1881, listing the castes it encountered. Subsequent censuses in 1891 and 1901 attempted to classify castes by social ranking, using widely held public opinion as the criterion. The latter census also differentiated between “untouchables” and other “backward” segments of the population. The 1911 census was a defining moment in that it contained a list of 10 tests for assessing whether a social group qualified as a “depressed class.” It was estimated that 42.57 million people passed at least one of the tests and were so classified.<sup>12</sup>

### *After Independence*

After independence, Jawaharlal Nehru and other leading members of the Congress party fervently desired the caste system to disappear and were confident that it would.<sup>13</sup> However, the party also decided to continue the British practice of reserving seats in the legislature for certain communities, a practice, ironically, that had been widely opposed during colonial times by independence advocates who viewed it as a divide-and-conquer strategy. Thus, the nation’s founders elected to establish a list of disadvantaged castes and tribes that would qualify for government assistance beyond legislative seats. The debate over whether or not the depressed classes should qualify for “reservations” in government employment, political representation, and educational slots was far from unanimous.<sup>14</sup> In the end, however, articles 341 and 342 of the constitution of India empowered the Indian president to establish lists of Scheduled Castes (SCs) and Scheduled Tribes (STs), respectively, that were eligible for reservations. The two lists were designed to address different problems

in Indian society. Reservations for SCs were designed to assist groups who for centuries had been relegated to the lowest rungs of traditional Hindu society. Scheduled tribes, however, were viewed as groups that had had little contact with the modern world and whose justification for receiving assistance was not intrinsically related to Hindu belief.

The lists of SCs and STs did have roots in older census data, and their modification was designed to be difficult. For example, each group must be limited to a single state, so that no all-India SCs and STs are permitted. Once a president issues a list for each state, only an act of parliament can change it. However, this has occurred numerous times, and, as shown in Section VI, it has in general proven to be rather easy to expand membership. In fact, such safeguards as exist for SCs and STs are absent for the third category of Indians eligible for reservations, the "Other Backward Classes" (OBCs). The original rationale for creating this additional list was to accommodate the possibility that lists of deprived groups defined only around caste or tribal criteria might have a modest number of omissions. The power to designate such classes is found in article 340 of the constitution. Shortly after independence the government appointed a commission, named for its chair, Kaka Saheb Kalelkar, to list the OBCs. Although a four-point definition of eligibility was created, because of a paucity of data, the commission adopted caste as the primary criterion. As a result, 2,339 groups were designated as OBCs in 1955 in addition to those that already qualified as SCs and STs.<sup>15</sup> The large number of listed groups and the reliance on caste made the report unacceptable to the government. In the end the central government elected not to create a nationwide list and instead allowed each Indian state to create its own list, a step that would prove crucial in allowing the number of individuals covered by reservations to expand substantially. Each state is now virtually given carte blanche to define its OBCs as it chooses.<sup>16</sup>

In 1978, after the state of Bihar's decision to provide reservations for OBCs led to widespread rioting, the central government appointed the so-called Mandal Commission to investigate the relationship between OBCs and government at all levels in India. It issued a report in 1980 recommending that 27% of central government civil service jobs be reserved for members of OBCs, in addition to the existing 23% of reservations for SCs and STs. However, the report was ignored until 1990, when the V. P. Singh government suddenly announced plans to implement the recommendations. After a rash of protests, civil disorder, and even public self-immolations, the supreme court of India ruled in 1992 in *Indra Sawhney v. Union of India* that the central government and all state governments must create a "permanent body" for recommending inclusion in the OBC lists.<sup>17</sup> It also required that there be an exclusion of the "creamy layer" of members of OBCs who were not in need of educa-

tional and other opportunities and that under no circumstances should reservations for OBCs exceed 50% of the population.

#### IV. The Disjunction between Politics and Economics in Contemporary India

##### *Preexisting Factions in Politics*

The most striking aspect of what I call preexisting factions in India is that they are becoming more important in legislative politics even as many of them, particularly castes, are rapidly becoming less so in economic activity. That caste, ethnicity, and tribal identity have steadily become more important in Indian voting is beyond dispute. As far back as the 1960s O. Lynch noted the increasing ability of untouchables to leverage numbers into political power and reservations, and J. Mencher described the same phenomenon in the mid-1970s.<sup>18</sup>

F. Frankel has documented the efficacy of such voting patterns, that is, the increasing capacity of members of SCs, STs, and OBCs to use voting, either alone or in coalition with other groups, to acquire additional reservations at the state and national levels. Bêteille notes the increasing importance of caste in the composition of political bodies at all levels of government. The agility of preexisting factions in obtaining rents is demonstrated in M. N. Srinivas's description of caste fluidity in the state of Gujarat. In order to obtain power in that state, the *rajput* group admitted the populous but low-ranking *kolis* to the higher Kshatriya *varna* in exchange for their political support. He also describes the ability of Yadavs from northern India to unite across linguistic lines to strengthen their power. J. Manor describes the same phenomenon of using caste to build bridges across economically irrelevant lines in his discussion of the coalition that was formed in 1947 between various *lin-gayat* and *vokkaliga* castes in Karnataka.<sup>19</sup>

Analysis of recent Indian elections confirms that caste is, if anything, becoming more important in national and state politics. Although during the early decades after Indian independence national politics were dominated by groups with national agendas, such as the Congress and Communist parties, since the late 1980s there has been a surge in the political strength of parties whose explicit or implicit *raison d'être* is to represent single preexisting factions or blocs of such groups. Coalitions routinely compete for the allegiance (or membership) of these parties. C. P. Bhambri has documented that "communal" interests, which in the Indian context is a code for ethnic, religious, and caste allegiances, were a primary consideration in the 1989 national elections. Although scholarly analyses of the most recent polling results are, to the best of my knowledge, not yet available, journalistic accounts of the 1996 and 1998 national elections are virtually unanimous in describing the importance



of preexisting identity, whether based on caste, tribe, or other ethnicity, in determining how increasingly more Indian people vote.<sup>20</sup>

### *Caste in Economic Life*

At first blush, economic theory may seem ill placed to explain the increasing importance of caste and other loyalties in Indian politics. India has undergone a number of significant economic changes in the last 150 years, particularly since independence, which, many have argued, should have eroded the caste system's viability. Lal argues that the increased commercialization of agriculture, the introduction of modern technology (including irrigation), and the introduction of property rights in land eliminated much of the economic rationale for the *jajmani* system. Cash payments have in fact substantially replaced the traditional caste-based bartering of services, although patronage relations between those with and those without land still exist in rural India.

The most obvious manifestation of the decreased importance of caste in Indian economic life is the sharply diminished role of caste-based occupational specialization. D. Gupta argues that members of traditional castes have been performing other castes' occupations at least since 1891, although even now some people devote time to these traditional tasks. He also argues that, since independence, the caste system has not been a particular hindrance to the adoption of new production techniques or occupational mobility.<sup>21</sup> According to B  teille, at independence in 1947, fewer than half the people in the caste system were primarily devoted to their caste's occupation. Mencher claims that at independence only 10%–15% of the Indian people were performing traditional caste jobs and that most of them had other sources of income as well.

After independence, the trend only accelerated. Lal has described the decreasing importance of caste in determining one's occupation, and many scholars, for example, D. Quigley, argue that its role in economic life generally is now small. M. Marriott documents that although the family names held by members of particular castes are associated with specific occupations, members actually perform many jobs, even in the caste system's rural heartland. G. S. Ghurye describes how Brahmins, in particular, are occupied in a number of areas other than the priesthood, for example, the government, the military, agriculture, shopkeeping, and wage labor. Caste is also becoming less of a determinant of individual prosperity. As early as 1962, Srinivasan asserted that although caste and standard of living were somewhat correlated, the link was hardly decisive.<sup>22</sup> B  teille also found that only the very lowest castes are uniformly poor. Other than that, there is considerable variance in wealth and income within castes.

If anything, the relationship between caste and occupation (other than government employment) will only decline in the coming years.

The reason is that an increasingly urbanized and technologically sophisticated India will find that occupational rigidity based on caste will be progressively more costly. M. Searle-Chatterjee and U. Sharma assert that caste is quickly becoming unimportant in occupational choice in cities.<sup>23</sup> Bêteille reports a similar pattern in private-sector managerial jobs. The demands an increasingly liberal, urban, specialized, technologically progressing India places on labor markets to match efficiently human capital to tasks have long since made caste increasingly less important in Indian economic life. The seemingly odd combination of the decreasing importance of caste in economics with the increasing importance of caste in politics is the puzzle that this article seeks to explain.

## V. Other Theories of Caste and Their Explanatory Power

### *Insights from Anthropology and Sociology*

Caste has been largely neglected by economic theorists and has never been analyzed from a rent-seeking perspective. There is, however, a substantial body of theory in the sociology and anthropology literature that must be judged in part by its ability to explain the disjunction outlined in the previous section.

The dominant theory in anthropology and sociology is that of L. Dumont. He undertook a landmark study of Indian social structure in an attempt to create a comprehensive theory of hierarchical relations within societies. Caste is a scheme that functions to maintain such a hierarchical structure in Indian society, and it has two fundamental principles. The first is the separation of purity from impurity. The caste system allows members of certain groups to avoid defilement caused by various types of contact with members of other groups. Rules govern physical contact and social interaction between members of different groups. For example, the requirement to avoid entering the home of a member of an impure group operates best at the *varna* level, for here the definitions, when they are adhered to, are clear and fairly consistent throughout much of India. Three *varnas* (Brahmins, Kshatriyas, and Vaisyas) are believed to be “twice born,” entitled to a second birth at the end of life, while the Shudras and the *dalits* are not. The second principle of the caste system is the separation of purity and power, which Dumont claims makes Indian social structure unique. He asserts that the Indian caste-based society is unlike all other societies in that it accords the highest status to a group (the Brahmins) that does not hold economic or military power.<sup>24</sup>

Dumont claims that purity and pollution are in play at the *jati* level as well. Although it can be argued that the status of a caste within the pollution rules of an Indian village is a function of its place in the *varna* hierarchy, it is also true that individual *jatits* may “move up” by imitating the behavior of higher castes. They may, for example, imitate such Brahmin behavior as vegetarianism in order to move from one *varna* to another or to change the rules that control their social contact with other

members of society. This process, known as “sanskritization,” means that within the *varna* structure the place of *jatis*, as well as the web of social obligations among *jatis*, is forever in flux.

Social scientists have also formulated other theories. For G. Myrdal, India's poverty leads to a rigidity in social structure, casting the *varna* and *jati* systems in stone. Quigley describes the entire caste system as simply a vehicle for some groups in society to engage in “domination” over others, although the dominance of dominance as a strategy for all feasible coalitions in society is never outlined. G. Berreman argues more specifically that caste performs the same function that ethnicity does in other societies in separating the rulers from the ruled. For Mencher, caste remains viable as a way to frustrate cohesion among various economically united classes. By contrast, R. Prasad argues that caste divisions are simply the traditional class structure frozen in time, although it remains unclear why such a structure should prove so difficult to dislodge in the face of overwhelming economic change.<sup>25</sup>

These theories have one glaring weakness: their inability to predict the caste system's resilience. In their day, both Karl Marx and Max Weber were confident that industrialization would soon sweep caste identity away.<sup>26</sup> This prediction still finds confident—if increasingly inaccurate—repetition in a number of Indian intellectual and political voices.<sup>27</sup> Although caste membership is progressively less important with respect to the division of labor in India, it is progressively more important in Indian politics, and for many Indians it is still a bedrock part of their identity. Numerous scholars (e.g., Bêteille, M. Robinson) argue that caste perseveres because of the force of social sanction, but this too begs the question of why such “force” could for so long overwhelm presumably powerful economic forces.<sup>28</sup>

### *Existing Economic Theory*

Economic analysis of the caste system is surprisingly scarce. What little analysis exists examines a caste-based (i.e., immutably defined at birth) division of labor and the conditions under which it can endure as a stable equilibrium without fatal defection by coalitions. Both Lal and G. Akerlof have offered such analyses, both speculating that Indian conditions have allowed this kind of equilibrium to persist for centuries. J. Scoville has also presented a model of the exchange between castes and its implications for population growth given that transaction costs prevent exiting the caste economy.<sup>29</sup>

Akerlof and Scoville did not make predictions about the future of the caste system. Lal did, but he was puzzled that the arrival of the British Raj did not shatter the caste system. He did take comfort in the fact that the role of caste in determining occupation has steadily decreased. However, caste as a means of identification with respect to the government is, if anything, increasing.

## VI. Pressure-Group Theory and Current Indian Social Structure and Governance

An important aspect of the caste system and India's tribal mosaic is that it facilitates the formation of pressure groups on a government that has many rents to dispense and many factionalized citizens eager to seek them. Perhaps the most remarkable feature of reservation-based rent seeking in India is that it has occurred primarily through the most ordinary of means: voting. Preexisting factions often obtain rents through the government simply by using their political strength to insure that their groups are listed as STs, SCs, or OBCs. The ease of voting on the basis of preexisting factions is that agency problems are minimized. While Becker made the free-rider problem a central element of his theory, voting is usually sufficiently low cost that organizing factions along caste lines is a simple task. Though there is a modest cost to voting, there can also be social penalties (particularly in rural areas, where monitoring costs are lower) for not voting, and even with a secret ballot there is no incentive to defect by voting for someone else if one's factional identity is excludable. The utility of voting on the basis of caste rather than some alternate principle is comparatively high, and so it is not surprising that caste has proven such a persistent means of factional organization in India.

The logic of the power of preexisting factions in India is quite simple. Once an aggressively interventionist government exists, the choice facing citizens is whether to obtain rents via caste and tribe or via some other means. Given that caste and tribe memberships require little in the way of organizing costs and are easy to verify, so that it is difficult for members of one group to "pass" as members of another, the continuance of these identities as a powerful force in Indian society seems almost inevitable.

There is some evidence that electoral politics and reservations have transformed and been transformed by the preexisting social structure. The effect that electoral politics and reservations have on social structure is demonstrated by S. Kaviraj, who describes the manner in which distinct, unrelated untouchable castes over time were transformed into Scheduled Castes—a term that is meaningless in Hinduism—that have become coalitions into which various *jatis* and other groups seek to merge.<sup>30</sup> The most obvious evidence of the effect social structure has on the political system comes from the increasing prominence of reservations themselves as an election issue and, in particular, the increased willingness of politicians to promise expansion of reservations in order to win votes.<sup>31</sup> Several other aspects of Indian society that cannot be explained by existing social science scholarship can be illuminated by pressure-group theory: the relentless expansion in the proportion of Indians covered by reservations, the lack of conventional class cohesion in Indian politics, the correlation between caste size and rents received, and

TABLE 1  
SCHEDULED CASTES AND SCHEDULED TRIBES SINCE INDEPENDENCE

YEAR	SCHEDULED CASTES		SCHEDULED TRIBES		TOTAL	
	Number	%	Number	%	Number	%
1951	51,344,000*	14.4	19,147,000*	5.6	70,491,000	20.0
1961	64,449,000*	14.7	29,846,000*	6.23	94,295,000	20.93
1971	80,005,000*	14.6	36,409,000†	6.8	116,414,000	21.4
1981	107,737,000‡	15.75	51,629,000†	7.76	159,366,000	23.51
1991	138,864,000§	16.9	67,760,000§	8.1	206,624,000	25.0

\* Marc Galanter, *Competing Inequalities: Law and the Backward Classes in Contemporary India* (Delhi: Oxford University Press, 1991).

† Government of India, *Census of India, 1981* (New Delhi: Registrar General and Census Commissioner, 1981).

‡ Government of India, *Census of India, 1981: A Handbook of Population Statistics* (New Delhi: Registrar General and Census Commissioner, 1988).

§ Government of India, *Census of India, 1991* (New Delhi: Registrar General and Census Commissioner, 1991).

the continuing refusal of Indian governments to employ criteria for reservations that are closer to the stated intent of reservations but more costly in terms of forgone political support.

### *The Expansion in Covered Groups*

The proportion of Indians eligible for reservation has expanded dramatically since independence. Table 1 illustrates the number and proportion of Indian citizens composing the SCs and STs from 1951 to 1991. Both categories have expanded in share and number each decade, the only exception being a minor decline in the share of SCs in the population between 1961 and 1971, which S. K. Chatterjee attributes to peculiar circumstances associated with an Indian supreme court directive regarding the conduct of the 1971 census.<sup>32</sup> He notes that many of the vanishing SCs were simply shifted to the list of STs during this period. Despite the fact that the two lists were supposed to address different problems in Indian society, enforcement of membership criteria distinguishing between the SC and ST lists has not been strict.

There are no long-term continuous data for OBCs, but here the increase is potentially extraordinary. In the 1950s the Indian government estimated that the total population of OBCs was approximately 4.2 million, or 1.2% of the population.<sup>33</sup> By 1979 the Mandal Commission was estimating that 52% of the population belonged to an OBC (in addition to the existing SCs and STs), and the only reason for recommending that the reservation quota in education and public employment be capped at 27% was to keep total reservations at less than 50%. The ratification by the supreme court in *Indra Sawhney* of the implementation of the Mandal Commission's recommendations means that three-quarters of the

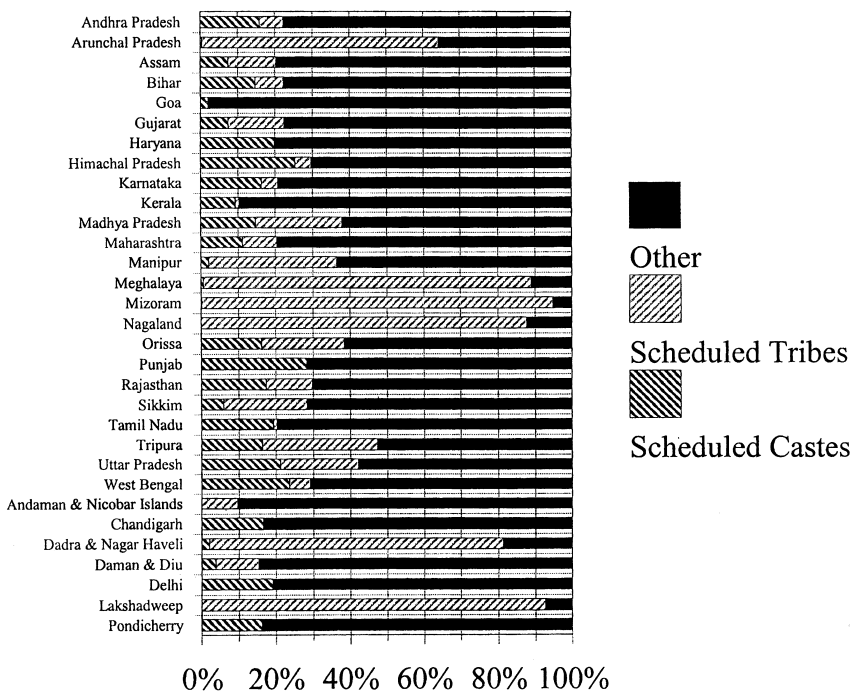


FIG. 1.—Scheduled castes and scheduled tribes, 1991

population has now been certified as relatively disadvantaged. Potentially half the positions in education and public employment are subject to such reservations.

In some states, reservations are extended to extraordinarily high proportions of the population and to groups that were not originally designed to benefit from them. For example, by the later 1980s, 68% of public university openings in Tamil Nadu were already reserved.<sup>34</sup> Figure 1 depicts the proportion of the population in each Indian state and union territory belonging to SCs and STs, based on the 1991 census.<sup>35</sup> It indicates that those groups are a substantial electoral force. Although estimates for OBCs do not exist, work done by other scholars indicates that their presence on reservation lists can extend the share of the eligible population to extraordinary levels. In the state of Karnataka, an alliance between the *vokkaligas* and *lingayats*—two numerically dominant but historically advantaged groups—enabled them to become eligible for reservations.<sup>36</sup> In that state, over 90% of the population is eligible.<sup>37</sup> In Karnataka over 95% is and in Uttar Pradesh the list of OBCs essentially includes everyone who is not “twice born” plus some who are.<sup>38</sup> D. A. Washbrook claims that the only constraint on caste patronage in Tamil Nadu will be a drying up of available resources for the state.<sup>39</sup> The

expansion is particularly striking because it was in such stark opposition to both the hopes of reservation advocates and the wishes of India's founders. Reservations in both legislative representation and civil-service employment, for example, were originally to end within 10 years, and only a succession of constitutional amendments has allowed them to persevere.

Various castes and tribes in India have also been creative in generating and seizing opportunities to increase the number of listed groups. Recall that the constitution provides that once a list of SCs or STs within a state has been established by the prime minister it can be changed only by a majority vote in the central Parliament. Despite the implicit agreement by India's founders that the reservation system would be a temporary remedy and that the number of people participating in it would diminish over time, groups have discovered strategies for evading this intent. Castes and tribes are usually listed only in small portions of a state. However, due to political pressure the list is often quickly expanded statewide, particularly for castes in other parts of the state who share the same traditional occupation.

In addition, on a number of occasions states have been split or merged or have had their borders changed, which required that lists of SCs, STs, and OBCs be redrawn in each new state. A detailed analysis of the SC list by S. K. Chatterjee reveals that the number of such castes in the new states almost invariably increases after such reorganizations. There is no particularly compelling evidence one way or the other as to whether agitation by preexisting factions played the dominant role in these reorganizations. However, the fact that such opportunities frequently arise, regardless of whether political pressure brings them about, means that initial lists are not carved in stone, so there are frequent opportunities for groups to apply pressure to expand reservations.

#### *Voting, Class Solidarity, and Caste Hierarchy*

Applying pressure-group theory to the Indian reservation system also reveals the extent to which preexisting factions have hindered the formation and effectiveness of the types of interest groups common in other rent-seeking societies. The most obvious manifestation involves the composition and strength of Indian political parties. The common state of affairs in many parliamentary democracies is to have parties that appeal to the working class or to the business and upper classes. These parties exist in India as well, but a number of commentators have remarked that the standard alliances of citizens of similar economic circumstances that exist in most other democracies are difficult to build in India.<sup>40</sup> Kaviraj laments the inability of Indian peasants to unite across caste and ethnic lines. Mencher attributes this noncohesion of class specifically to the attractiveness of caste-based politics, and R. Thakur argues that the traditional social cleavages of caste and ethnicity are far more important than



economic interests are in shaping factional identity. Specific examples of caste trumping class are described by Manor for the state of Karnataka and by Z. Hasan for Uttar Pradesh.<sup>41</sup> Given that in India the relative marginal transaction costs for faction organization are lower for the long-standing preexisting factions and that these relative costs should substantially determine the basis for factional organization, this is a predictable result.

A similarly revealing phenomenon with respect to caste is the mobility of *jatis* within the *varna* system in recent years. Recall that both the traditional *varna* social codes and the theories described in Section V imply a rigid maintenance of hierarchical relationships between *jatis*. Despite this, it is commonplace for *jatis* who are not of the same *varna* to form shifting alliances in an effort to obtain political power and the resultant patronage rewards. Gupta and Srinivas describe the mobility of entire *jatis* between occupations and the decay of occupations within *jatis*, again in contrast to the standard “dominance” models of caste. P. Brass describes how Muslims, nominally outside the caste system, nonetheless have formed a series of shifting alliances with different caste-based parties in various states of India in an attempt to secure access to power and its rewards.<sup>42</sup> None of this seems plausible in a theory in which the function of caste is to keep a particular subset of society in power or to avoid the pollution that comes from contact with members of other subsets. It is, however, perfectly sensible if the primary function of castes is increasingly to mobilize votes in exchange for postelection rewards.

### *Strength in Numbers*

Being large helps if a faction is to obtain reservations. With respect to caste, *jatis* vary widely in size, from fewer than one hundred to tens of thousands of members. A priori, one might expect that the castes eligible for reservations within a state either would be identical to the historical definition of disadvantaged castes or would have a distribution by size that is similar to the overall distribution by size among all such traditionally stigmatized castes. Yet pressure-group theory suggests that large castes are more likely to end up on lists of scheduled castes than chance would indicate. Other things being equal, large factions are preferred to small ones by Indian politicians, because they carry more votes. Larger factions should thus comprise a disproportionate share of the SC, ST, and OBC lists.

Evidence about the proportion of large and small castes in reservation lists versus that in the population as a whole is not available. However, S. K. Chatterjee has analyzed the change over time in the composition of the SC list among castes of different sizes. As table 2 indicates, the proportion of large castes among the number of total SCs has modestly but steadily increased while the share of small castes has substan-



TABLE 2  
SIZE OF CASTES ON THE SCHEDULED-CASTE LISTS

Caste Type	Number	Percentage of Listed Castes
Largest:		
1961	214	21.47
1971	254	22.90
1981	258	24.20
Intermediate:		
1961	712	71.41
1971	771	69.53
1981	771	72.33
Smallest:		
1961	71	7.12
1971	84	7.57
1981	37	3.47

SOURCE.—S. K. Chatterjee, *The Scheduled Castes in India* (New Delhi: Gyan, 1996).

NOTE.—“Largest” castes are those composed of at least 1% of a state’s scheduled-caste population. “Intermediate” castes are those composed of between 0.01% and 1%. “Smallest” castes are those composed of less than 0.01%.

tially decreased. Further evidence of the importance of caste size in determining inclusion in the SC list comes from many observers of the Indian political scene. For example, A. R. Khan points out not only that larger castes have claimed more and more of the proceeds of reservation over time, but that even “forward” (i.e., twice born) castes are frequently listed as OBCs if they are large enough.<sup>43</sup> This suggests that over time a more efficient way of building electable coalitions is taking hold.

The power of large castes is of interest because it is in contrast to one of Becker’s central predictions. He asserts that, other things being equal, small factions have an advantage over large ones in terms of political pressure because they are better able to control free riding. However, in India, voting is the major manifestation of rent-seeking activity with respect to reservations, and of course, when it comes to voting, the government prefers having more members to having fewer members. Because factional identity is so easily excludable, the free-riding problem is comparatively small. Consequently, from the point of view of the various governments other things being equal, it is more advantageous to court the larger factions. The result is that the large factions are able to extract disproportionate rents.

#### *Criteria for Reservations*

Since independence, caste has been the most important criterion for determining eligibility for reservations and this holds not just for the SCs

but for the OBCs as well. A prime stated goal of reservations has been to improve the welfare of social groups that for historical reasons trail in economic measures such as income or wealth. It would be fairly straightforward to make eligibility for reservations depend on measures of income and wealth rather than on the imperfectly correlated variables of caste or tribe. And yet in India this has never been done, even though official recommendations to use income or wealth are common. For example, a commission appointed by the state of Gujarat to develop a systematic way of determining OBC reservation eligibility recommended that caste alone not be used, suggesting instead that all those who were in designated castes and had annual incomes of less than 10,000 rupees would qualify for reservations. Instead the government elected to implement other recommendations the commission made but to preserve both its complete freedom to name OBCs and the continued use of caste alone to identify them.<sup>44</sup> Both the Singh government's decision to implement the Mandal Commission recommendations and the subsequent supreme court ruling in *Indra Sawhney* also upheld the principle that not poverty per se but membership in what Article 15 of the Indian constitution calls "socially and educationally backward classes" will determine reservation eligibility.

This suggests that electoral considerations rather than broader social objectives play a major if not the dominant role in the formation of reservation policy. It is possible that preexisting identity continues to be used to determine reservation eligibility because there is no incentive for the governments that dispense rents to do otherwise. The benefits of using caste or tribe as a criterion are that members of castes are readily identifiable and thus easy to mobilize and that rents may potentially be bestowed on larger numbers of people, and hence more voters, than would be possible if eligibility depended on wealth.

## VII. Pressure-Group Theory and India's Future

Applying pressure-group theory to the caste system and to Indian politics makes possible a number of predictions that are in contrast to the conventional wisdom of other social scientists. These predictions are outlined below.

### *Identifiability and Caste Persistence*

As demonstrated in Section IV, theorists have long found the caste system to be inconsistent with modernization in general and urbanization in particular. However, the analysis in this article leads to a very different prediction. Caste will continue to be politically important—and hence important as a cultural phenomenon—as long as members are readily identifiable. Even if urbanization and modernization eliminate the link between *jati* and occupation, which seems reasonable, reservations based on caste will continue to be a major feature of Indian politics as long as

the eligibility of beneficiaries can be readily determined and the government is in a position to dispense valuable rents to various pressure groups. The incentive to maintain caste identity is thus quite powerful.

Although castes historically were local phenomena, their increased ability to mobilize within and even across states indicates that the corrosive effect of urbanization on caste identity and voting is substantially exaggerated. As long as governments at all levels can engage in factional rent distribution, and as long as there is a way to determine who is a factional member and who is not, the low marginal cost of creating factions based on caste suggests its continuation. Only an ability of members of one caste to "pass" as members of another to obtain benefits promised to the latter might upset this trend. However, it may be that factions in India have developed a mechanism for dealing with this possibility. Gupta reports that increasingly, especially in urban areas, castes can be defined by practices such as vegetarianism as well as by birth. This means that even if lineage, the traditional identifying characteristic for caste, becomes less reliable because of migration to an urban environment, an alternative means of identification may already be in place. This suggests that even as urbanization and liberalization make the *jajmani* system increasingly obsolete, the need to identify citizens on the basis of caste for rent-seeking reasons is generating mechanisms for preserving identifiability.

A problem may arise, however, if people will continually shift from one group to another. The cohesion of preexisting factions might then crumble. However, it is likely that the nature of reservations could prevent this problem. Recall that reservations are primarily in education, public employment, and legislative representation. The acquisition of nonspecific human capital generally is such a lengthy process that it will seldom be optimal to repeat it. In addition, civil service protection makes wholesale turnovers in bureaucratic staffing after an election very difficult, which means that the gains to a voter who constantly changes factions are minimal, and they become smaller as the voter ages. With respect to switching by legislators, a member of parliament who continually changed factions would find it hard to get the support of voters whose allegiance to a single faction was stable. An unstable equilibrium in which voters can continually migrate from one faction to another is thus possible. However, the long-term, stable nature of the rents that the Indian government distributes makes this situation unlikely.

#### *The Decline of All-India Parties*

Another potential development in India's immediate future is the increased importance placed on the concerns of preexisting factions in Indian politics at the explicit expense of other issues. Borrowing from P. Satyanarayana, it is possible to define three types of Indian political parties.<sup>45</sup> All-India or national parties are those with national themes and fol-

TABLE 3  
PERCENTAGE OF SEATS HELD BY ALL-INDIA AND OTHER PARTIES SINCE 1952

	Communist*	Bharatiya Janata Party and Jana Sangh†	Congress	Other
1952‡	3.3	3.1	72.4	21.2
1957‡	5.5	5.9	70.1	18.5
1962‡	5.8	6.4	73.0	17.8
1967‡	8.1	9.4	53.7	28.8
1971§	9.2	4.2	68.0	18.6
1977	5.5	18.1	28.4	66.2
1980	8.6	2.0	65.1	24.5
1984#	5.2	.4	76.7	24.5
1989#	8.6	16.1	37.3	38.1
1991#	9.5	23.3	44.0	27.2
1996**	8.3	30.0	25.4	39.0
1998**	7.6	32.8	26.0	33.7

\* In 1964 the Communist Party of India (Marxist) broke away from the Communist Party of India. The totals from 1967 and later are for the two parties together.

† The Jana Sangh reconstituted itself as the Bharatiya Janata Party (BJP) in 1980.

‡ C. P. Bhambri, "Electoral Reform and Party System in India," *Journal of Constitutional and Parliamentary Studies (New Delhi)* 2 (October–December 1968): 46–54.

§ D. Butler, A. Lahiri, and R. Prannoy, *A Compendium of Indian Elections* (New Delhi: Arnold-Heinamen, 1984).

|| C. P. Bhambri, "The Ninth Lok Sabha Elections," in *Political Parties in India, 1947–1991*, ed. C. P. Bhambri (New Delhi: Vikas, 1991).

# Ramesh Thakur, *The Government and Politics in India* (New York: St. Martin's, 1995).

\*\* Election Commission of India Web site, <http://www.eci.gov.in>.

lowings. The most prominent of these is the Congress Party, which from 1947 to 1967 dominated governance at the national level. However, Thakur notes that even during this period Congress was solicitous of castes and tribes at the state level. Since the breakdown of Congress's unchallenged hold on central power in 1967, national parties have often led coalitions in combination with other types of parties or smaller national parties. "Factional parties" refers to parties that are defined exclusively with respect to the concerns of particular groups, whether linguistic, regional, caste, or other.<sup>46</sup> Finally, "personality parties" are those that are formed, often as breakaways from other parties, primarily to accommodate the political ambitions of particular individuals.

Table 3 contains data on the changing fortunes of the Congress Party and other all-India parties since 1952. An extraordinary trend has been the unraveling of the Congress Party and the rise of smaller parties, which are often defined around factional interests alone. The proportion of seats in the dominant lower house of Parliament, the Lok Sabha, that go to nontraditional parties has expanded from approximately one-fifth to one-third of all seats. The trend toward factionalism is even greater if the Bharatiya Janata Party (BJP) and its allies are considered to be fac-

TABLE 4  
BLOCS AND PARTIES, 1996 ELECTIONS (%)

Bloc	Bharatiya Janata Party	Congress Party	Bahujan Samaj Party	Other
Upper castes	40	26	0	24
Other backward classes	24	21	2	53
Untouchables	13	31	12	44
Scheduled tribes	18	39	1	42
Muslims	2	31	1	66

SOURCES.—“Congress Is No Longer a Rainbow,” *India Today* (February 2, 1998); “BSP Gets All Its Support from the Weakest,” *India Today* (February 2, 1998); “BJP Still Has a Narrow Social Base,” *India Today* (February 2, 1998).

tional as well. Although Thakur defines the coalition led by the BJP as a bloc of all-India parties, for our purposes it is at least in part factional. Table 4 contains data from the 1996 national elections that indicate how several groups in India allotted their votes among the BJP, the Congress Party, other parties, and, for purposes of comparison, the Bahujan Samaj Party (BSP; one of the parties most explicitly aligned with *dalit* groups). While Congress clearly draws from all of the listed blocs, the BJP is tilted significantly toward the upper castes, and the BSP is clearly a lower-caste party.<sup>47</sup> Some subgroups of the BJP coalition, most prominently the Shiv Sena, are almost entirely upper-caste parties. Although it is not accurate to describe the BJP as an exclusively upper-caste party, it nonetheless draws its support disproportionately from these groups and is substantially a factional party.

Some sense of the increasingly factional nature of Indian governance can be gleaned from table 5. It presents a list of seats won by all parties in the 1998 Lok Sabha elections. The parties in italics are those classified by India's election commission as national parties. Such parties garnered 383 out of 543 seats, or 70.5% of the seats. This is not a perfect test for whether a party is factional, because some nonnational parties (e.g., the Revolutionary Socialist Party) are presumably defined around ideology and, more important for purposes of this article, because two of the national parties, the BSP and BJP, are in large part factional. If these two parties were so labeled, the seats held by other national parties would be reduced to 200, or 36.8%.

The inference that factional parties are increasingly important in Indian politics is in agreement with the assessments of many scholars.<sup>48</sup> The increasing role of factional parties is not an inconsequential development. Many issues that come before a national legislature are not about the distribution of rents. The decline of all-India parties and the increased importance of reservations and other rents to preexisting factions mean

TABLE 5  
SEATS IN LOK SABHA AFTER 1998 ELECTIONS

Coalition or Member Party	Seats Contested	Seats Held	Coalition or Member Party	Seats Contested	Seats Held
Bharatiya Janata Party and allies:			United Front coalition:		
<i>Bharatiya Janata Party</i>	383	178	<i>Janata Dal</i>	189	6
<i>Samata Party</i>	51	12	Telegu Desam Party	35	12
Shiv Sena	80	6	Dravida Munnetra		
All India Dravida:			Kazhagam	18	6
Munnetra			Tamil Maanila Congress (Moonapar)	20	3
Kazhagam	20	18	<i>Communist Party of India</i>	62	9
Shiromani Akali Dal	8	8	<i>Communist Party of India (Marxist)</i>	70	32
Haryana Vikas Party	4	1	Asom Gana Parishad	9	0
Ntr Telugu Desam Party (Lakshmi Parvathi)	5	0	All India Forward Bloc	4	2
Biju Janata Dal	12	9	Revolutionary Socialist Party	5	5
Trinamool Congress	29	7	Samajwadi Party	159	21
Lok Shakti	35	3	Maharashtrawadi		
Pattali Makkal Katchi	4	4	Gomantak	2	0
Marumalarchi Dravida Munnetra Kazhagam	5	3	National Conference	1	1
Total	636	249	Total	574	97
Congress and allies:			Others:		
<i>Indian National Congress</i>	471	141	Rashtriya Janata Dal	112	17
Jharkand Mukti Morcha	14	0	Rashtriya Janata Party	2	0
Muslim League	...	2	United Goans Democratic Party	2	0
Bharatiya Kisan	24	0	<i>Bahujan Samaj Party</i>	247	5
Kerala Congress (M)	...	1	Hariyana Lok Dal	4	3
Samajwadi Party in Maharashtra	3	0	Sikkim Democratic Front	1	1
Republican Party of India	19	4	Independent	1,857	6
Indian Union Muslim League	2	0	Others	...	12
Total	533	148	Total	2,225	44

NOTE.—Parties in italics are those classified by India's election commission as national parties.

that Indian governments find it progressively more difficult to obtain mandates on issues of national concern. India is increasingly unable to govern coherently when the issue involves foreign relations, nuclear weaponry, or some other concern not easily translated into factional arithmetic. However, a primary source of this inability, the inevitable Balkanization of Indian politics as a result of the increasingly important stakes in Indian rent seeking, is not given sufficient consideration in the literature as a cause of India's increasing governance troubles. Instead, many scholars who study the matter draw the opposite conclusion. For example, A. Kolhi believes that the solution lies in making either the Indian state itself or Indian political parties more centralized and powerful.

*Economic Liberalization and Caste*

Since the late 1980s India has undergone substantial economic liberalization by decreasing protection, liberalizing rules on foreign investment, decreasing price controls, and privatizing some state enterprises.<sup>49</sup> A somewhat surprising implication of this article's theory of Indian factions is that as liberalization proceeds (and as long as there are still significant outlets for the Indian governments to allocate rents) preexisting identity is likely to become an ever more important element in India's political future. It is based on the belief that the unchaining of market forces will result in a more dynamic, evolving economy that will increase the comparative advantage of caste and tribe as a basis for factional organization.

Liberalization increases Schumpeterian creative destruction. Firms and industries thus rise and fall more rapidly, particularly in a developing society. Factions based on common economic features (e.g., being a textile worker) therefore become more unstable and hence less desirable. However, Indian liberalization as outlined above does not imply an end to rent-seeking opportunities. Recall that most of the opportunities for preexisting factions to pursue rents revolve around education, legislative representation, and public employment. Of the types of liberalization mentioned in the above paragraph, only the privatization of state enterprises impinges on the opportunities for preexisting factions to extract rents, and then only to the extent that reserved public employment occurs in easily privatized functions rather than in purely bureaucratic agencies.<sup>50</sup> The rewards of being listed as an SC, ST, or OBC still loom large as long as the channels for dispensing rents to these groups are largely unaffected by liberalization, as seems likely.

If the government is still open to rent-seeking activity as liberalization proceeds, it will be rational for citizens to adopt more reliable forms of factional organization, and caste and tribe, with their ready-made and long-lasting (due to excludability) viability, will become relatively more efficient. The decreased rents given to economic pressure groups raise the relative reward given to organizing on the basis of preexisting social criteria instead of economic considerations. Over time, rent seeking should thus become more, rather than less, based on these forms of factional identity. The empirical implication of this insight is that caste and tribe will become more important in Indian politics as time progresses, regardless of specific changes in the private economy, as long as liberalization itself proceeds while substantial rents exist via channels such as reservations. Note the stark contrast between this conclusion and sociological theories that assert that "modernization" should make caste, in particular, untenable. The insights from pressure-group theory imply little about social custom associated with caste per se other than the need to maintain identifiability as defined in Section II. However, these in-

sights also imply an increased incentive to preserve factional identification and trade on it in political activity.

### VIII. Conclusion

The wisdom of using reservations is clearly a complex question, and this article is not intended to render a verdict on their value. However, the study provides some insights into the nature of Indian governance and society and the nature of pressure groups, particularly in developing societies, that should not be ignored. It may also be useful in analyzing the factional dynamics of other societies with preexisting pressure groups, for example, those based on linguistic or ethnic criteria. The results suggest that, regardless of changes over time in the relative wealth of the recipients of rewards of reservations, rent seeking based on preexisting criteria, whether based on caste, ethnicity, language, or something else, will be difficult to dislodge once ensconced. There are important lessons to be learned both from India and elsewhere.

Large-scale governmental distribution of rents based explicitly on ethnicity or other preexisting identity is a fairly recent phenomenon. At almost a half century, India's system is older than that of every other nation, although large-scale efforts of this type exist in other countries, for example, Malaysia. With that caveat in mind, it is nonetheless disquieting that no society that has embarked on distribution on the basis of preexisting identity has been able to declare victory and roll it back. India provides a vivid case study in which the introduction of ethnicity- and caste-based distribution of rents by the government has led to a steady expansion of such programs, even as there are as yet no claims by their advocates that they are no longer needed. This is in explicit contrast to the original presumption that such programs would fade quickly as the beneficiaries "caught up" with the larger society. Other societies that are contemplating embarking on such a course would do well to ponder the results from India, particularly in light of the sizable costs rent seeking can impose on developing societies.

For the people of India, this is far from an academic question. Brass and Kolhi have separately documented the pattern of steadily increasing ethnicity- and caste-based violence from 1961 to the early 1990s, much of it over the expansion of reservations. The question of whether economic growth will be rapid enough to make the disagreement over reservations predominantly nonviolent is an open one. Many of India's founders advocated reservations and other methods of obtaining for India's spurned classes the equality that individual choices, in the market and elsewhere, would not allow.<sup>51</sup> In hindsight, it may be that the relentless momentum of commerce will prove to be the most powerful force in breaking down the aspects of India's long-standing social structure that have been examined here, to the extent that the population would find it



desirable. However, whether the democratic factionalism that is so much a part of modern Indian governance helps or hinders this process is an open question.

## Notes

1. A good survey of corruption in developing economies is Pranab Bardhan, "Corruption and Development: A Survey of Issues," *Journal of Economic Literature* 3 (September 1997): 1320–46.

2. My study refers to India, as that is the portion of the subcontinent where the social structure known as the caste system is most salient. There are faint echoes of the same social structure elsewhere in South Asia, and it is more important in some parts of India proper than it is in others.

3. For general studies of pressure groups and rent seeking in India, see Anne Krueger, *The Political Economy of Reform in Developing Countries* (Cambridge, Mass.: MIT Press, 1993); Lynus Paul Mosquitta, *Pressure Groups and Democracy in India* (New Delhi: Sterling, 1991); Grover Verinder, ed., *The Political System and Constitution of India*, vol. 8, *Pressure Groups and Politics of Influence* (Delhi: Deep & Deep, 1997). For a description of the rents that scheduled castes, scheduled tribes, and "other backward classes" in particular are able to extract, see D. D. Joshi, "The Relevance of Secularism to the Indian Polity," in *Secularism and the Indian Polity*, ed. Bidyut Chakrapurty (New Delhi: Segment Book, 1990). For an attempt to measure the rents distributed to a particular pressure group (the Indian sugar industry), see Shyam Kamath, "Concealed Takings: Capture and Rent-Seeking in the Indian Sugar Industry," *Public Choice* 62 (August 1989): 119–38.

4. Anne Krueger, "The Political Economy of the Rent-Seeking Society," *American Economic Review* 64 (June 1974): 291–303. Sharif Mohammad and John Whalley, "Rent Seeking in India: Its Costs and Policy Significance," *Kyklos* 37, fasc. 3 (1984): 387–413.

5. In Federalist 10, James Madison wrote: "But the most common and durable source of factions, has been the various and unequal distribution of property. Those who hold, and those who are without property, have ever formed distinct interests in society. Those who are creditors, and those who are debtors, fall under a like discrimination. A landed interest, a manufactured interest, a mercantile interest, a monied interest, with many lesser interests, grow up of necessity in civilized nations, and divide them into different classes, actuated by different sentiments and views." James Madison, "The Size and Variety of the Union as a Check on Faction (Federalist 10)," in *The Federalist*, ed. Benjamin Fletcher Wright (Cambridge, Mass.: Belknap, 1961), p. 131.

6. Gary Becker, "A Theory of Competition among Pressure Groups for Political Influence," *Quarterly Journal of Economics* 98 (October 1983): 371–400, esp. 372.

7. A useful introduction is M. N. Srinivas, "Varna and Caste," in *Caste in Modern India and Other Essays*, ed. M. N. Srinivas (Bombay: Asia Publishing House, 1962). See also G. S. Ghurye, *Caste and Race in India* (Bombay: Popular Prakashan, 1968).

8. Deepak Lal, *The Hindu Equilibrium*, vol. 1, *Cultural Stability and Economic Stagnation* (Oxford: Clarendon, 1988).

9. André Béteille, *The Backward Classes in Contemporary India* (Delhi: Oxford University Press, 1992).

10. C. J. Fuller, "Kerala Christians and the Caste System," in *Social Stratification*, ed. D. Gupta (Delhi: Oxford University Press, 1992); Imtiaz Ahmad,

"Endogamy and Status Mobility among the Siddique Sheiks of Allahabad," in *Caste and Social Stratification among the Muslims*, ed. Imtiaz Ahmad (Delhi: Manohar Bookservice, 1973).

11. See Lal, esp. p. 222.

12. A group qualified if it did any of the following: denied the supremacy of the Brahmins; did not receive the mantra from a Brahmin or other recognized Hindu guru; denied the authority of the Vedas; did not worship Hindu gods; was not served by good Brahmins; had no Brahmin priests; could not enter an ordinary Hindu temple; caused spiritual pollution via touch or presence within a certain distance; buried its dead; ate beef and did not treat the cow as sacred. S. K. Chatterjee, *The Scheduled Castes in India* (New Delhi: Gyan, 1996).

13. P. C. Chatterjee, "Reservation: Theory and Practice," in *Social Change and Political Discourse in India: Structure of Power, Movements of Resistance*, ed. T. V. Sathyamurthy (Delhi: Oxford University Press, 1996).

14. The most prominent opponents were H. C. Mukherjee and Rajkumari Amrit Kaur. M. V. Pylee, *Constitutional Government in India*, 3d ed. (London: Asia Publishing House, 1977).

15. D. Narsimha Rao and M. Ramchander, "Reservations in Backward Classes: In Search of Criteria," in *Reservation Policy in India*, ed. B. A. V. Sharma and Madhusudhan Reddy (New Delhi: Light and Life, 1982).

16. P. C. Chatterjee.

17. *Indra Sawhney v. Union of India*, 1992 SCC (L & S) Supp. 1.

18. Owen Lynch, "The Politics of Untouchability—a Case from Agra, India," in *Structure and Change in Indian Society*, ed. Milton Singer and Bernard Cohn (Chicago: Aldine, 1968); Joan Mencher, "The Caste System Upside Down," in Gupta, ed. (n. 10 above), esp. p. 101.

19. Francine Frankel, "Decline of a Social Order," in *Dominance and State Power in Modern India*, vol. 2, ed. Francine Frankel and M. S. A. Rao (Delhi: Oxford University Press, 1989); M. N. Srinivas, "Mobility in the Caste System," in *The Cohesive Role of Sanskritization and Other Essays*, ed. M. N. Srinivas (Delhi: Oxford University Press, 1989); James Manor, "Karnataka: Caste, Class, Dominance and Politics in a Cohesive Society," in Frankel and Rao, eds. See also Bêteille, *The Backward Classes in Contemporary India* (n. 9 above).

20. C. P. Bhambri, "The Ninth Lok Sabha Elections," in *Political Process in India, 1947–1991*, ed. C. P. Bhambri (New Delhi: Vikas, 1991). For a description of the importance of caste in the 1996 elections, see John F. Burns, "Lower Castes Hold the Key as India Gets Ready to Vote," *New York Times* (April 10, 1996). For a description of its role in 1998, see "The Indian Elections: Caste and Votes," *Economist* (February 28, 1998), p. 47. For a discussion of cross-caste mobilization of Muslim members of groups designated as OBCs, see Praful Bidwai, "Age of Empowerment: Muslim OBCs Discover Mandal," *Times of India* (September 12, 1996). For discussion of caste's seemingly irresistibly increasing importance in Indian politics generally, see Hamish McDonald, "Pride and Prejudice," *Far Eastern Economic Review* (November 3, 1994), pp. 24–28; Jonathan Karp, "Up from Under," *Far Eastern Economic Review* (April 25, 1996), pp. 20–21.

21. Dipankar Gupta, "Continuous Hierarchies and Discrete Castes," in Gupta, ed.; see also Mencher (both in n. 18 above).

22. Declan Quigley, "Is a Theory of Caste Still Possible?" in *Contextualizing Caste: Post-Dumontian Approaches*, ed. Mary Searle-Chatterjee and Ursula Sharma (Oxford: Blackwell, 1994); McKim Marriott, "Multiple References in Indian Caste Systems," in Gupta, ed.; Srinivas, "Varna and Caste" (n. 7 above); Ghurye (n. 7 above).

23. Mary Searle-Chatterjee and Ursula Sharma, "Introduction," in Searle-Chatterjee and Sharma, eds.

24. Louis Dumont, *Homo Hierarchicus: The Caste System and Its Implications*, trans. Mark Sainsbury, Louis Dumont, and Basia Gulati, 2d ed. (Chicago: University of Chicago Press, 1980).

25. Gunnar Myrdal, *The Asian Drama: An Inquiry into the Poverty of Nations* (New York: Pantheon, 1968); Gerald Berreman, "The Brahmanical View of Caste," in Gupta, ed. (n. 18 above); R. Prasad, "Land Prices a Fillip to the Twice-Born," *Statesman Weekly* (overseas edition) 7 (August 7, 1993): 7.

26. Marx maintained that "England has broken down the entire framework of Indian society, without any symptoms of reconstitution yet appearing." Later in the same document, he commented, "Modern industry, resulting from the railway system, will dissolve the hereditary divisions of labor, upon which rest the Indian caste system." "On Colonialism," *New York Daily Tribune* (June 25, 1853), pp. 33, 80.

27. Partha Chatterjee, *The Nation and Its Fragments: Colonial and Post-Colonial History* (Princeton, N.J.: Princeton University Press, 1993).

28. Marguerite Robinson, *Local Politics: The Law of the Fishes: Development through Political Change in Medak District, Andhra Pradesh (South India)* (Delhi: Oxford University Press, 1988); André Béteille, *The Idea of Natural Inequality and Other Essays* (Delhi: Oxford University Press, 1983).

29. George Akerlof, "The Economics of Caste and of the Rat Race and Other Woeful Tales," *Quarterly Journal of Economics* 90 (1976): 599–617, James Scoville, "Labor Market Underpinnings of a Caste Economy: Foiling the Coase Theorem," *American Journal of Economics and Sociology* 55 (1996): 385–94.

30. Sudipta Kaviraj, "Sociology of Political Parties," in *Politics in India*, ed. S. Kaviraj (Delhi: Oxford University Press, 1997).

31. Atul Kohli, *Democracy and Discontent: India's Growing Crisis of Governability* (Princeton, N.J.: Princeton University Press, 1990).

32. Differential fertility is unlikely to entirely explain the increasing percentage of the population consisting of SCs and STs. The increase in SCs between 1951 and 1991 yields an annual growth rate of 2.52%, while for STs the figure is 3.21%, rather high numbers. Although data on SC and ST family size are sparse, one survey of SCs in Karnataka in the early 1970s yielded a fairly modest average number of children per household: 3.83. C. Parvathamma, *Scheduled Castes and Tribes—a Socioeconomic Survey* (New Delhi: Ashish, 1984). At the same time, R. C. Chandna specifically finds that increases in the groups classified as SCs, rather than being due to natural increase, account for much of the increase in the number of specific castes on the SC list. R. C. Chandna, *Spatial Dimensions of Scheduled Castes in India* (New Delhi: Intellectual Publishing, 1989). A specific example of the number of SC members rising sharply (from 4.5% to 22.83% of the population of the Vidarbha region) entirely as a result of legislation is offered in Prabha Shastri Ranade, *Population Dynamics in India* (New Delhi: Ashish, 1990). Finally, differential fertility cannot of course explain the sizable increase in OBCs.

33. Government of India, Planning Commission, General Manager, *Second Five Year Plan: A Draft Outline* (New Delhi: Government of India Press, 1956).

34. See Frankel (n. 19 above).

35. The 1991 census was not conducted in the state of Jammu and Kashmir.

36. See Manor (n. 19 above).

37. Ramesh Thakur, *The Government and Politics in India* (New York: St. Martin's, 1995).

38. See Rao and Ramchander (n. 15 above).
39. D. A. Washbrook, "Caste, Class and Dominance in Modern Tamil Nadu," in Frankel and Rao, eds. (n. 19 above).
40. Kaviraj (n. 30 above), reports that for some time the Communist Party of India has described its appeal as its ability to work successfully with private business.
41. Zoya Hasan, "Power and Mobilization: Patterns of Resilience and Change in Uttar Pradesh Politics," in Frankel and Rao, eds. (n. 19 above).
42. Gupta (n. 21 above); Srinivas, "Mobility in the Caste System" (n. 19 above); Paul Brass, *The New Cambridge History of India*, vol. 4, *The Politics of India since Independence*, 2d ed. (Cambridge: Cambridge University Press, 1994).
43. Abdul Rayees Khan, "Reservation Criteria: Constitution and Judiciary," in Sharma and Reddy, eds. (n. 15 above).
44. P. C. Chatterjee (n. 13 above).
45. P. Satyanarayana, "Reservations and Attitudes of Political Parties," in Sharma and Reddy, eds. (n. 15 above).
46. Satyanarayana divides what I have called "factional parties" into linguistic and regional parties, for a total of four types. In the analysis here, these are the same, a low marginal-cost basis for factional organization.
47. The BSP is still primarily a regional party, with most of its strength and effort in Uttar Pradesh and Punjab. It is attempting to build strength in Madhya Pradesh and elsewhere.
48. Thakur (n. 37 above); Arun Patnaik and K. S. R. V. S. Chalam, "The Ideology and Politics of Hindutva," in *Social Change and Political Discourse in India: Structures of Power, Movement of Resistance*, vol. 3, *Region, Religion, Caste, Gender and Culture in Contemporary India*, ed. T. V. Sathyamurthy (Delhi: Oxford University Press, 1996).
49. For a full discussion of the liberalization prior to the ascendancy of the BJP coalition in 1998, see World Bank, *India: Sustaining Rapid Economic Growth* (Washington, D.C.: World Bank, 1997).
50. Krueger (n. 3 above) argues that in India the bureaucracy itself, as opposed to parastatals, is a sizable source of employment.
51. For example, B. R. Ambedkar, the chair of the body that drafted the Indian constitution, one of the most revered founders of the Indian state and a tireless campaigner on behalf of the *dalits*, argued during much of his life that reservations were necessary if *dalits* were to have equal opportunity. See Eleanor Zelliot, "Gandhi and Ambedkar—a Study in Leadership," in *The Untouchables in Contemporary India*, ed. J. Michael Mahar (Tucson: University of Arizona Press, 1972).